



NEW TREND LOSS ADJUSTERS LTD

Lessons From Claims 2025

*An Insight Report on Claims Trends,
Risk Patterns and Lessons for
Underwriters & Risk Surveyors*

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Table of Contents

Foreword	1
Executive Summary	2
Five Dominant Causes of Loss in 2025	3
Key Findings	4
Priority Recommendations	6
Overview of Claims in 2025	8
Sectoral Profile	9
Geographic Spread	10
Seasonality	11
Perils Overview	11
Breakdown by Loss Type	13
2.1 All Asset Risks	14
2.2 Burglary, Theft and Armed Robbery	15
2.3 Cyber Crime	23
2.4 Engineering	27
2.5 Fidelity Guarantee	33
2.6 Fire and Special Perils	39
2.7 Goods in Transit	46
2.8 Marine	49
2.9 Material Damage	54
2.10 Pre-Loss Surveys	57
2.11 Professional Indemnity	61

Mitigation Gap Analysis	63
Gap 1: Physical Security Infrastructure	64
Gap 2: Electrical and Power Infrastructure	65
Gap 3: Digital and Cyber Resilience	66
Gap 4: Marine Claims Protocol Failures	67
Gap 5: Policy Compliance and Schedule Management	68
Cross-Cutting Themes	69
Theme 1: The Banking Sector Concentration	70
Theme 2: The Fraud Triangle in Practice	71
Theme 3: Evidence Preservation Failures	72
Theme 4: The Gap Between Policy Intent and Implementation	73
Theme 5: Post-Incident Response Quality	74
Looking Ahead to 2026	75
Escalating Weather Peril Severity	76
Cyber Threat Sophistication	76
Import Cost Inflation and Underinsurance	76
Internal Fraud Risk Amplification	77
Operator Qualification and Heavy Plant Governance	77
Conclusion	78

» Foreword

This report is the product of New Trend Loss Adjusters Ltd.'s (NTLA) commitment to turning claims data into actionable intelligence for the Nigerian insurance market.

In 2025, our adjusters handled claims across fourteen loss categories, including cyber-attacks on banks, windstorm damage to factories, armed robbery at warehouses, and mechanical failures of capital equipment. This research does not simply outline a series of unfortunate incidents. Instead, it uncovers a recurring pattern: many losses were anticipated, could have been avoided, and were often preceded by clear warning signs. Our pre-loss surveys, risk improvement advice, and adjustment report repeatedly highlight a disparity between the risk controls insured parties say they have and those in place when a loss occurs.

This publication is addressed primarily to Claims Managers and Risk Surveyors at Nigerian insurance carriers. It is intended to supplement your existing knowledge with granular, evidence-based insights from the front line of loss adjusting practice.

All case examples in this report have been anonymised. No insured entity, insurer, or individual is identifiable in the text. Our only purpose is to share learning that improves market outcomes.

We hope you find the insights in these pages both illuminating and practically useful.

The Research Team

New Trend Loss Adjusters Ltd
2026

Executive Summary

In 2025, New Trend Loss Adjusters Ltd (NTLA) handled claims across fourteen loss categories, spanning the financial services, manufacturing, construction, logistics, and public sectors. This report distils the most significant patterns, recurring vulnerabilities, and strategic lessons from that portfolio.

14

Loss Categories Handled

21+

Special Peril Claims Alone

05

Dominant Causes

06

Key Findings

05

Sectors Analyzed

Five Dominant Causes of Loss in 2025



Electrical and power infrastructure failure

Breakdowns in UPS systems, AVR's, switchboards, and battery rooms affected banking, manufacturing, and commercial sectors, causing most Material Damage losses. Often, equipment was used past its service life without assessment or replacement plans.



Windstorm, rainstorm, and adverse weather events

These affected factory roof structures, agricultural stores, and residential properties. Numerous losses were intensified by delayed maintenance that left buildings exposed to severe weather, highlighting the importance of timely upkeep to mitigate risk.



Internal fraud and employee collusion

A recurring pattern across Fidelity Guarantee (FG), Burglary, and Cyber Crime categories. Concentration of custody, issuance, and reconciliation authority in single individuals, weak supervisory controls, and the exclusion of outsourced workers from FG coverage all contributed to the scale and duration of losses.



Underinsurance and average clause impact

Many industrial and commercial properties were insured below replacement value, and when the average clause applied, recoveries dropped sharply. One severe 2025 case saw less than 9% of verified loss recovered. This highlights widespread risk management failures in the market.



Procedural non-compliance and policy condition failures

Including the failure of marine importers to raise sea protest letters, gaps in location and asset schedules, operator licensing deficiencies, and inadequate post-incident evidence preservation. These failures did not arise from bad faith but from unfamiliarity with policy obligations, making pre-loss education and robust policy wording the primary mitigants.

Key Findings



Underinsurance and Settlement Reductions

Underinsurance remains the single most financially damaging outcome for industrial and commercial insureds. In the 2025 portfolio, average clause deductions reduced settlements to a fraction of verified losses. Sums insured based on book value, historical cost, or prior-year figures without restatement represent a systemic failure that brokers, underwriters, and risk surveyors must collectively address at every renewal.



Banking and Financial Services Sector Claims

The banking and financial services sector generated the highest volume and widest variety of claims in 2025, spanning Fidelity Guarantee, Professional Indemnity, Personal Accident, Burglary, and Cyber Crime. The sector's digital transformation and high volume of daily transactions create a claims environment that requires specialized underwriting and adjuster expertise.



Uninsured Risk Gaps in Outsourced Staffing

Outsourced, contract, and agency staff represent a material uninsured risk gap in Fidelity Guarantee policies. Where FG coverage is limited to permanent employees, losses caused by third-party-supplied workers fall outside the policy—an exposure that is both common and frequently overlooked until a claim arises. Policy wording must be updated to reflect modern workforce structures.



Marine Claim Weaknesses and Sea Protests

Marine claims were systematically weakened by the consistent failure to raise sea protest letters on vessel arrival. A sea protest is a legal prerequisite for preserving the insured's rights against the carrier; its absence after visible or suspected damage fundamentally compromises recoveries. This is not a technical oversight but a compliance failure that must be addressed through binding policy conditions.



Security Negligence and Survey Recommendations

Security negligence deductions were applied in 2025 wherever the insured's own security controls were demonstrably deficient at the time of loss. Pre-loss survey recommendations that went unimplemented provided the evidential basis for these deductions. The alignment between survey findings and actual loss patterns validates the loss-prevention function of pre-loss surveys and reinforces their status as underwriting tools.



Third-Party Liability and Evidential Corroboration

Third-party liability claims require independent corroborating evidence. Driver testimony is inherently self-interested; in the 2025 TPL case, the insured's driver's account directly contradicted the police investigation officer's findings. Adjusters must treat police reports as a prerequisite for any liability determination and apply joint quantum assessments as standard practice to control third-party repair claims.

Priority Recommendations

General Recommendation for Underwriters

Make independent replacement cost valuations a binding renewal condition for all industrial, manufacturing, and high-value commercial property policies. Book value and depreciated figures must not be accepted as declared sums insured. Where sums insured cannot be independently verified, apply reinstatement value basis automatically and document the basis in the policy schedule.

For Fidelity Guarantee

Revise FG policy language to explicitly extend coverage to outsourced, contract, and agency-supplied workers, or issue clear endorsements confirming their exclusion. Require insureds at renewal to declare all categories of worker with financial access — permanent, outsourced, and contract — and ensure guarantee quantum is proportionate to the financial exposure of each role.

For Marine practitioners

Introduce a Marine Claims Protocol Warranty requiring sea protest letters and surveyor appointment within 72 hours of discharge where damage is visible or suspected. Non-compliance should be a claims condition, not merely advisory. Clearing agents must be formally briefed on this obligation at each shipment.

For Risk surveyors and Underwriters

Pre-loss survey recommendations must be tracked as live risk alerts, not filed reports. Outstanding recommendations should be linked to renewal conditions and, where unaddressed, to proportional premium loadings. Repeat-pattern losses following unimplemented survey findings should trigger mandatory mid-term reinspection.

For Goods in Transit

Require telematics installation and dashcam footage retention as underwriting conditions for commercial vehicle fleets above three units. Operator certification and continuous maintenance logs should be policy conditions, not post-loss evidential requirements. TPL claims must be supported by an independent police report and a joint technical quantum assessment before settlement is recommended.



Overview of Claims in 2025

The 2025 claims portfolio handled by NTLA reflected both the breadth of the Nigerian insurance market and the depth of risk exposures that policyholders across different sectors continue to navigate. Claims were received from entities ranging from multinational banks and universities to individual property owners and small manufacturers. This cross-section reveals how uniformly certain risks manifest regardless of scale or sector.

Sectoral Profile

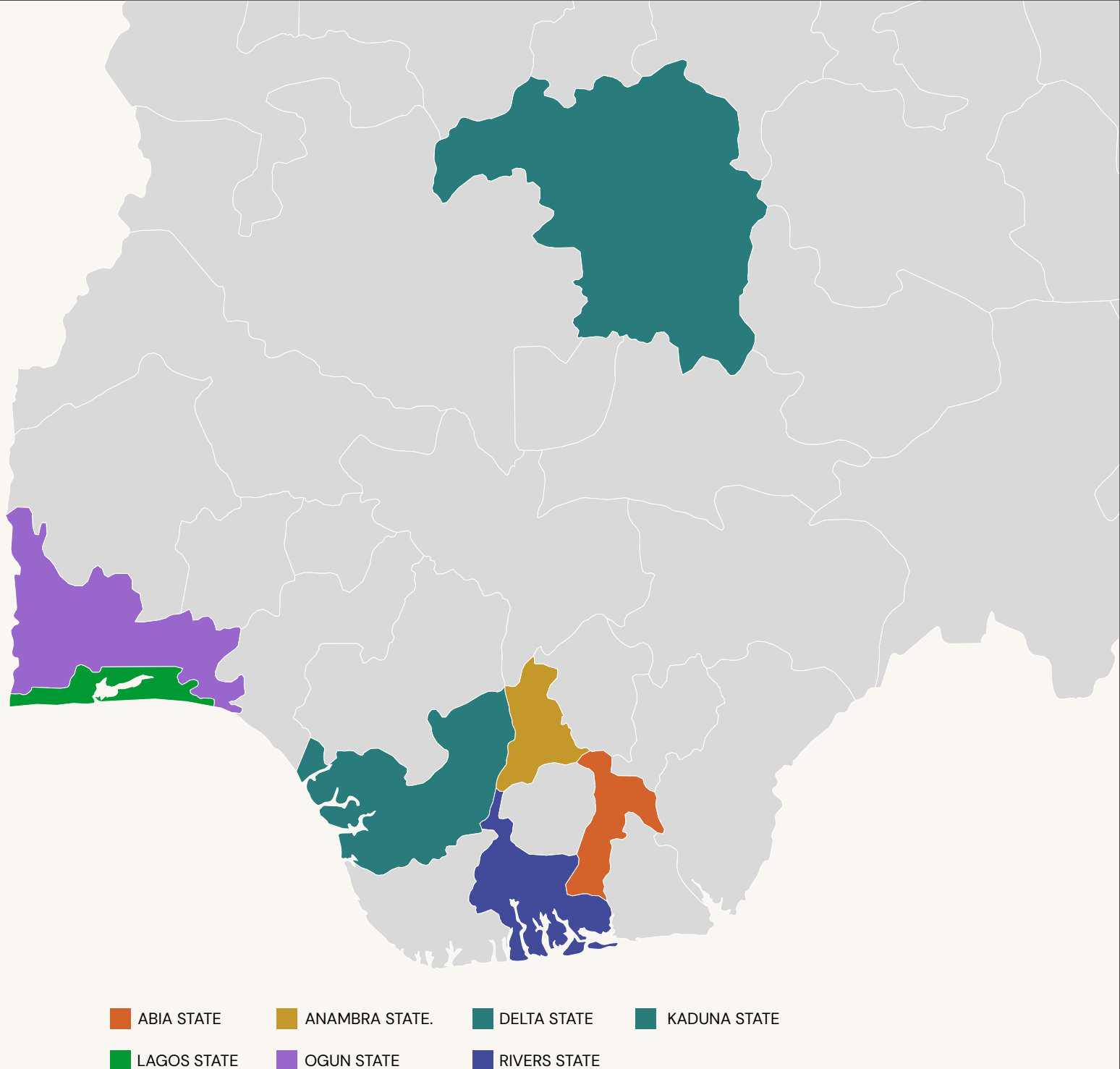
The financial services sector, principally commercial banks, generated the highest volume of claims across the broadest range of policy types. Claims from this sector appeared in the Fire & Special Perils, Cyber Crime, Material Damage, Burglary, and Fidelity Guarantee categories, reflecting both the sector's multi-site footprint and its diverse technology and asset base.

The manufacturing sector produced the most varied loss types, with claims arising from machinery breakdown, storm damage to factory structures, internal theft, and goods-in-transit incidents.

The construction sector contributed claims in the Engineering, Special Perils, and Third Party Liability categories, largely attributable to the inherent risks of operating heavy plant equipment on active sites.

The logistics and transportation sector featured in Goods in Transit, Third Party Liability, and Marine claims, with road traffic accidents and port arrival procedures being recurring causes of loss or claims complications.





Geographic Spread

Claims originated from multiple states across Nigeria, with the highest concentration in commercial and industrial centres: Lagos State, Ogun State, Kaduna State, Delta State, Abia State, Rivers State, and Anambra State. This geographic spread reflects both economic activity patterns and the concentration of insured assets in those zones.

Seasonality

A discernible seasonal cluster was observed in weather-related claims. The March–April 2025 period saw a notable uptick in storm and windstorm damage, consistent with the onset of the rainy season transition in southern Nigeria. Multiple factory roof claims and outdoor equipment damage incidents fell within this window. This pattern has practical implications for underwriters reviewing renewal portfolios in Q1 of each year.

Perils Overview

LOSS CATEGORY	OBSERVED TREND
All Asset Risks	Electrical surge to specialist equipment; power infrastructure gaps
Burglary / Theft	Perimeter breaches; insider collusion; cable/asset theft at factories
Cyber Crime	Sophisticated MITM on mobile banking; known-vulnerability exploitation
Engineering	Operator error in heavy plant; insufficient pre-operation checks
Fidelity Guarantee	Social engineering via digital channels; multi-layer control failures
Fire & Special Perils	Electrical fires; lightning surge; windstorm structural damage
Goods in Transit	Road accidents; rejection-at-delivery disputes
Marine	Port transit damage; protest letter failures; subrogation forfeiture
Material Damage	End-of-lifecycle failure; mechanical fatigue in industrial equipment
Pre-Loss Survey	Security understaffing; inadequate CCTV; prior incidents unreported
Professional Indemnity	Boundary disputes between PI and PL exposure; misclassification risk

The next section (Pages 13 – 61) contains in-depth case studies by policy type.

Breakdown by Loss Type **13**

2.1 All Asset Risks 14

2.2 Burglary, Theft and Armed Robbery 15

2.3 Cyber Crime 23

2.4 Engineering 27

2.5 Fidelity Guarantee 33

2.6 Fire and Special Perils 39

2.7 Goods in Transit 46

2.8 Marine 49

2.9 Material Damage 54

2.10 Pre-Loss Surveys 57

2.11 Professional Indemnity 61

Proceed to other sections (Pages 63–75)

Mitigation Gap Analysis **63**

Cross-Cutting Themes **69**

Looking Ahead to 2026 **75**



Breakdown by Loss Type

The sections below examine each loss category in turn, drawing on representative claims from 2025. All case references are anonymised. Amounts are presented in Nigerian Naira (₦) unless otherwise stated.

2.1 All Asset Risks

All Asset Risks policies covering specialist and high-value equipment continued to generate significant claims in 2025. The defining pattern in this category was the vulnerability of sensitive electronic and electromechanical equipment to surges and fluctuations in grid power supply.

CASE ILLUSTRATION

Healthcare Provider — Medical Imaging Equipment

A tertiary healthcare provider submitted a claim following damage to a high-field medical imaging unit caused by a sudden surge from the national electricity grid. The machine, insured for over 190 million, sustained damage to core electronic components. The claim was valued more than ₦320 million.

The investigation found that no industrial-grade Automatic Voltage Regulator (AVR) was installed between the national grid supply and the equipment, despite the manufacturer's requirement for stable voltage input. After applying applicable depreciation, the gross adjusted figure was approximately ₦171 million.



KEY LESSONS

- High-value electronic and electromechanical equipment is highly susceptible to grid power quality fluctuations in Nigeria. An industrial-grade AVR is a risk management necessity and not an optionality.
- Sums insured for specialist equipment must be re-evaluated annually to account for replacement cost inflation, particularly where the equipment is imported.



RECOMMENDATIONS FOR UNDERWRITERS

Consider introducing a 'Voltage Regulation Warranty' clause into policies covering electronic and electromechanical equipment above a defined value threshold, requiring the insured to install and maintain an industrial-grade AVR as a condition of cover.

2.2 Burglary, Theft and Armed Robbery

Claims in the burglary category spanned the length of Nigeria and one cross-border mandate in West Africa, covering commercial bank vaults, manufacturing plants, agricultural warehouses, FMCG distribution depots, construction equipment sites, retail stores, and a dedicated electrical substation.

The single most consequential repudiation ground in 2025 was the Forcible and Violent Entry Warranty. This standard policy condition requires that entry to the insured premises be affected by forcible and violent means. Where premises are left accessible, or where the insured's own staff facilitate access, the warranty is not satisfied and the claim fails, regardless of the quantum of loss.

Four distinct themes that emerged across the portfolio include:

1 External Intrusion: Warehouse and Facility Breaches

This involved external physical intrusion. Armed robbery, forced perimeter breach, or technical entry using specialist equipment. These ranged from an audacious cross-border vault robbery executed with welding and cutting tools, to copper component theft at an isolated factory substation, to overnight warehouse raids across northern and eastern Nigeria.

CASE ILLUSTRATION

Commercial Bank — Armed Robbery at Warehouse (Lagos)

Armed robbers scaled the perimeter wall of a commercial bank's storage facility overnight, overpowering and restraining two on-duty security guards. Stores within the facility were broken open and assets carted away.

The investigation identified multiple compounding deficiencies: no CCTV cameras were installed anywhere on the premises; no intruder alarm or panic device was available to guards; perimeter security was inadequate (no concertina wire); and critically, the asset register produced by the insured could not be independently verified, with significant discrepancies between claimed quantities and what could be substantiated from available records.

The adjustment applied a 30% depreciation allowance on established items, a further 30% penalty for breach of the Inventory Warranty and movement record requirements, and the 10% policy excess. A reduction of over 83% from the original claim, driven primarily by the insured's failure to maintain and produce adequate asset movement records.

CASE ILLUSTRATION

Commercial Bank — Cross-Border Vault Robbery (West Africa)

In one of the most operationally complex claims in NTLA's 2025 portfolio, a commercial bank's vault at its principal branch in Liberia was robbed overnight by a team of five identified suspects. Entry was gained through an abandoned building that shared a structural wall with the banking hall: the perpetrators used welding and cutting equipment to breach the vault wall, circumventing the electronic access controls entirely.

CCTV footage captured the suspects accessing the bank through the adjacent property and confirmed the use of specialist equipment. Police reports named all five suspects. The loss was claimed in two currencies, under a Money Insurance Policy with separate USD and LRD limits, each subject to a 10% excess.

Beyond the claim quantum, the case underscored the distinct challenge of cross-border loss adjustment: pursuing recovery against five identified suspects required separate coordination with Liberian law enforcement and local legal counsel, operating within a different procedural and jurisdictional framework from Nigeria.

2

Internal Misappropriation: Fidelity-Type Losses Filed Under Burglary

In other notable cases under the Burglary category were, on investigation, attributable to internal misappropriation, staff collusion, or systematic stock diversion. In each case, a small number of trusted employees exploited weak stock-movement controls over an extended period, with discovery only at a formal stock reconciliation.

CASE ILLUSTRATION

Staff Internal Scheme

A stock reconciliation at a major household products distributor's Kano warehouse revealed a shortfall in misappropriated stock and fictitious debts. Investigation identified three named former employees as responsible: the ex-storekeeper and two distribution staff who had operated the scheme collaboratively over an extended period.

All three confessed, were arrested, and were prosecuted. The scheme was enabled by the absence of independent verification of outbound stock: the same staff controlled both loading and documentation. All three had served for more than two years, satisfying the policy's two-year service exemption from the Character Reference Clause.

Two agro-chemical and fertiliser distribution companies recorded near-identical internal misappropriation losses. In both cases, warehouse stock was systematically diverted through falsified dispatch records over an extended period, discovered only through a formal stock reconciliation. The near-identical quantum across two different companies and geographies illustrates how consistently this pattern recurs in agricultural commodity distribution businesses.

3 Repudiated Claims: Policy Warranty Breaches

In burglary claims repudiated, each case arose from a specific, identifiable breach of a policy warranty or condition:

INSURED TYPE / LOCATION	REPUDIATION GROUND
Security Company (Ikeja, Lagos)	Character Reference Clause: the employee responsible for the loss had not provided a valid character reference from a prior employer as required by the policy.
Petroleum Retailer (Sapele, Edo State)	Forcible and Violent Entry Warranty: entry was not by forcible and violent means — the insured's own security guard perpetrated the theft; the store window had no lock point and was left accessible.
Printing Manufacturer (Ota, Ogun State)	Forcible and Violent Entry Warranty: no evidence of forced entry — doors, windows, and the security gate were intact; access appears to have been internally facilitated.
Organic Farm / Agro-Processing (Ogun State)	No theft extension: the policy was a Material Damage policy without a theft extension; theft of agricultural produce was therefore not covered.

CASE ILLUSTRATION

Petroleum Retailer — Forcible and Violent Entry Warranty

Engine oil stored in the back storeroom of a petroleum retailer's service station was stolen. Investigation established that the theft was perpetrated by the insured's own security guard. The storeroom window had no lockpoint, meaning entry was entirely unimpeded — there was no evidence of forcible or violent entry into the premises.

The claim engaged two separate and independent repudiation grounds: Memo 14 (Forcible and Violent Entry Warranty — entry not by forcible and violent means) and Policy Exception D (loss where any of the insured's business staff is concerned as principal or accessory in the theft). Together, these provisions meant no liability attached under the policy. A materially identical outcome was reached in a separate case involving a printing manufacturer in Ota, Ogun State, where doors, windows, and the security gate were found intact on inspection.

4 Sub-limits and Underinsurance

An aluminium manufacturer's claim illustrated the impact of burglary sub-limits on ultimate recovery. The adjusted loss was ₦44,305,554.50 — but the Burglary sub-limit under the Combined Industrial All Risks policy was only ₦15,000,000. After applying the 10% policy excess, the maximum recoverable was ₦13,500,000: the insured recovered less than a third of the established loss. The sub-limit, set at policy inception, had not been reviewed against the current value of the portable assets at risk.

A burglary sub-limit (not the total sum insured) is the effective ceiling on recovery for theft losses under a Combined Industrial All Risks or Package policy. Insureds holding high-value portable assets at manufacturing or distribution sites must ensure this sub-limit is reviewed at every renewal.



KEY LESSONS – BURGLARY

- The Forcible and Violent Entry Warranty is the primary repudiation mechanism in burglary claims. Where entry is not effected by forcible and violent means, because premises are left accessible, staff facilitate access, or the perpetrator is a staff member, the claim fails regardless of the quantum of loss.
- Burglary sub-limits operate as hard ceilings. An aluminium manufacturer's adjusted loss of ₦44.3 million was recovered at only ₦13.5 million because the burglary sub-limit under the Combined Industrial All Risks policy had not been reviewed against the value of portable assets at risk.
- Inadequate record-keeping severely prejudices claims. A 30% Inventory Warranty penalty was applied in the commercial bank warehouse case because the insured could not produce independently verifiable asset movement records. This is a preventable and avoidable reduction in recovery.
- Technical thefts strongly suggest prior reconnaissance or insider information. Such patterns should prompt underwriters to review the insured's access control framework and staff vetting procedures at renewal as a condition of continued cover.
- Cross-border risks require early engagement of local legal counsel in the relevant jurisdiction. The dual-currency, dual-jurisdiction vault robbery case in West Africa added significant complexity to an already challenging adjustment and recovery exercise.



RECOMMENDATIONS – BURGLARY

- Underwriters should set minimum warranted security standards for Burglary policies above ₦50 million sum insured: functioning CCTV with at least 30-day retention (including perimeter coverage), a monitored intruder alarm, electrified or concertina-wire perimeter hardening, and a defined security guard deployment ratio per location.
- The Character Reference Clause and the Forcible and Violent Entry Warranty should be explicitly reconfirmed in writing by the insured as conditions of annual renewal, not treated as once-only inception requirements.

- Insureds in agricultural distribution, FMCG, and manufacturing with material exposure to employee dishonesty should be actively guided by brokers towards Fidelity Guarantee cover, as a standalone policy or as an extension to the existing package. Burglary policies are not designed to respond to employee-perpetrated stock diversion.
- Burglary sub-limits under Combined Industrial All Risks and Package policies should be reviewed at every renewal against the current replacement value of portable, high-value assets at each location. A static sub-limit set at policy inception erodes in real value and can render the cover materially inadequate within a short number of years.
- For cross-border risks, underwriting terms should include explicit provisions specifying the currency of settlement and the applicable jurisdiction for loss adjustment, reducing ambiguity at the time of a claim.

2.3 Cyber Crime

The 2025 Cyber Crime portfolio comprised of one of the most complex and technically demanding assignments NTLA handled during the year. The incident involved a Man-in-the-Middle (MITM) attack on the mobile banking application of a financial services organisation, executed on a single day. The case exposed a convergence of technical control failures, governance lapses, and delayed security patch deployment that collectively enabled fraudulent transfers across 26 customer accounts before any bank system triggered an alert.

NTLA deployed a forensic IT specialist in addition to reviewing the bank's own Internal Forensic Review (IFR) and a separate investigation. All three investigations were consistent in their core conclusions: the breach was technically preventable; the attack exploited known vulnerabilities that had been identified but left unresolved; and there was no evidence of direct internal staff collusion, though significant governance failures contributed materially to the scale of loss.

The Attack — MITM Exploitation of Mobile App

CASE ILLUSTRATION

MITM Attack on Mobile Banking Application

A rogue device was activated on the bank's mobile platform, and a total of 136 fraudulent transactions were processed to beneficiary accounts spread across multiple banks. The transactions were first identified through customer complaints. Of 32 accounts initially flagged, 136 transactions totalling were confirmed fraudulent, and 19 transactions were confirmed legitimate.

The organisation which incorporated direct fixes for the security gaps exploited had been developed and was ready for deployment at the time of the attack but had not been released. Three independent forensic investigations all concluded that the breach was technically preventable, describing it as the consequence of 'known vulnerabilities left unresolved.

Technical Control Failures — Six Identified Gaps

NTLA's consulting forensic IT specialist, identified six categories of technical control failure

- **Access control:** The rogue device bypassed the device-binding process entirely, gaining full transactional access without the account holder's re-authentication or physical confirmation.
- **API security:** The absence of server-side validation allowed payload manipulation — transaction requests generated by the rogue device were not independently verified at the server before execution.
- **Encryption:** API payloads were not fully encrypted, exposing transaction data to potential interception during transit between the client application and the bank's servers.
- **Logging and monitoring:** Anomaly detection was inadequate; audit logs lacked key device and session identifiers necessary to detect unusual activity patterns in real time. Fraud was detected by customers, not systems.
- **Authentication:** The OTP-based device registration process allowed device activation without adequate Know-Your-Customer (KYC) follow-up for suspicious or new device activity on existing accounts.
- **Change management:** The updated mobile app had been developed and tested but was not deployed before the attack — a formal change-management failure with direct causal significance. NTLA explicitly described this as 'known vulnerabilities left unresolved, indicating insufficient due diligence and security governance.

Known Vulnerability, Unremediated: NTLA applied a 30% penalty on the policy limit to reflect this material governance failure. A breach arising from a known, unpatched vulnerability is fundamentally different from a zero-day exploit: the risk was knowable, manageable, and preventable.



KEY LESSONS

- Known vulnerabilities are liabilities, not backlog items. A security gap that has been identified, documented, and left unpatched is a quantified, unmitigated risk. When a breach occurs through that gap, the institution faces both the full financial loss and a proportionate reduction in insurance recovery.
- Version deployment schedules carry insurance consequences. The lag between completing a security patch and deploying it, in this case, several months, is a period of heightened and measurable exposure that underwriters should address in policy conditions and that risk managers must actively track.
- Fraud detection must be system-driven, not customer-driven. In this case, transactions were processed before any system generated an alert. Detection came from customer complaints. A financial institution's fraud controls should halt suspicious activity before the customer is aware it is occurring.
- Recovery speed is a direct function of monitoring capability. The complexity of the beneficiary fund network in this case was exacerbated by the delay between the fraud event and the first court order. Every hour between discovery and a PND instruction is an opportunity for further dissipation.
- Forensic readiness determines the ceiling of recoverable evidence. Insufficient audit logs and inadequate anomaly detection meant that full transaction traceability was not achievable, and the ultimate attacker identity could not be confirmed. Forensic readiness is a claims management prerequisite not an IT function.



RECOMMENDATIONS

- Cyber underwriters should incorporate a 'Known Vulnerability Warranty' requiring the insured to confirm at each renewal that all critical and high-severity vulnerabilities identified in the prior 12 months have been remediated. Breach of warranty should be a condition endurable for penalty on claim quantum.
- Policy notification clauses for financial institution cyber risks should require reporting within 24 hours of discovery. The standard six-

month documentary window is insufficient for fast-moving payment fraud events where recovery depends on immediate court intervention.

- Risk surveys for Cyber Crime policies covering financial institutions should specifically assess: (a) the gap between the deployed application version and the latest patched release; (b) real-time fraud monitoring capability and detection threshold calibration; and (c) the institution's documented incident response and escalation procedure.
- Counter-indemnity forms should be a standard policy requirement where recovery from third-party accounts is anticipated. The insured must be contractually obligated to remit all subsequent recoveries in the prescribed priority order and to provide monthly recovery schedules.
- A proportional recovery-sharing clause should be considered at renewal, ensuring the insured retains a financial incentive to pursue fund recovery even after the insurer has settled its portion, rather than leaving all recovery effort to the insurer post-settlement.
- Annual independent IT security audit reports should be required as a condition of Cyber policy renewal for financial institutions, with evidence of compliance with the CBN Cybersecurity Framework 2024 and ISO/IEC 27001:2022. Material deviations should be disclosed to underwriters.
- NTLA recommends the deployment of specialist forensic IT expertise for Cyber Crime adjustments. It surfaced six specific technical control gaps with compliance-referenced findings and provided the documented basis for the 30% governance penalty. A value that traditional loss adjusting methods would not have generated.

2.4 Engineering

Engineering and Plant All Risk claims in 2025 were the most operationally complex portfolio NTLA managed during the year. Across the cases finalised, they were five distinct loss categories: operator error and qualification failures, lightning and electrical surge damage, mechanical and equipment breakdown, semi-trailer and vehicle incidents, and a cluster of underwriting coverage issues including constructive total loss treatment, average clause application, and two repudiation recommendations. Aggregate recommended settlements exceeded ₦718 million. A figure that includes two significant USD-denominated claims settled at the prevailing policy exchange rates.

The portfolio ranged from a trailer repair to a two-unit plant collision at a container terminal. The diversity of insured assets including heavy earthmoving and quarry plant, rigid dump trucks, semi-tipping trailers, ice cream production machinery, distribution transformers, a standby generator, and a precision injection moulding machine reflects the breadth of the engineering class and the varying technical demands it places on the adjustment process.

1 Operator Error and Qualification Penalties

Operator-related causation was the single most common theme in the 2025 Engineering portfolio.

Three cases produced contractual penalty deductions for operator qualification or maintenance failures — 5% for carelessness (the road infrastructure contractor 80210-4), 20% for absent maintenance records plus 10% for unlicensed operator (the steel manufacturer (SK210HD)), and the same 20%/10% combination on the companion SK140HD claim. These deductions are only enforceable where policy conditions are explicitly worded and NTLA's adjustment report documents the specific breach. Underwriters should ensure that operator certification and maintenance warranty clauses are prominently worded and not merely aspirational.

2 Lightning Strike and Electrical Surge Damage

Another trend is damage from lightning strikes or power system anomalies, covering assets as varied as distribution transformers, a precision injection moulding machine, and a heavy construction dozer. The key lesson from this sub-category was not the technical cause, rather it was the coverage management issue uncovered in one case.

A transformer case is a critical underwriting alert: the insured suffered a genuine and well-evidenced lightning loss, yet the claim is recommended for repudiation because the specific asset was not listed on the policy schedule. A valid loss is not the same as an insured loss. Mid-term additions in Engineering policies must be processed via formal Schedule Amendment Endorsements with insurer written acceptance before the asset is deployed to risk. Post-loss endorsement cannot create retroactive coverage.

3 Mechanical and Equipment Breakdown

Mechanical breakdown was the most frequently occurring proximate cause across the Engineering portfolio in 2025.

The insured cases together demonstrate the compounding effect of underinsurance: the average clause reduces the insured's entitlement proportionally, then the policy excess reduces the net settlement again. In the Ota case, a ₦10M+ breakdown claim became a C1.35M recovery — 13% of assessed cost — entirely due to an 80% underinsurance ratio. Underwriters must enforce reinstatement-value declarations at inception and require supporting asset valuation reports at renewal for all machinery policies above a defined threshold.

4 Semi-Trailer and Vehicle Incidents

Five cases involved the road infrastructure contractor semi-tipping trailers or other heavy road vehicles — the highest single-asset-type frequency in the 2025 Engineering portfolio. Causes ranged from cattle crossing and road hazards to third-party collision and over-speeding. One case produced a subrogation opportunity; another triggered a constructive total loss assessment (CTL).

The road infrastructure contractor 80149-7 CTL outcome produced a recommended settlement that exceeded the claimed repair cost — a direct function of CTL methodology, which bases the settlement on sum insured (less depreciation and excess) rather than actual repair value. Policyholders and brokers should understand that a CTL determination can be more favourable than partial loss treatment — but only where the sum insured is accurate. An underinsured asset loses this structural advantage. The Roller 80715-2 subrogation opportunity should be progressed promptly before limitation periods expire.

5 Coverage and Underwriting Observations

Across our Engineering cases in 2025, a consistent set of coverage and underwriting management themes emerged. Two cases resulted in formal repudiation recommendations; two involved multi-currency claims requiring verified exchange rate conversions; two applied the average/underinsurance clause; one generated a subrogation referral; and one produced a constructive total loss settlement. None of these are isolated incidents. They reflect systemic patterns in how Engineering policies are written, maintained, and presented at the point of claim.



KEY LESSONS

- Operator qualification documentation must be a hard underwriting condition, not a warranty. Two cases incurred combined deductions solely because operator certification files were not maintained. Where policy conditions explicitly link coverage to valid certification, adjusters can apply proportional penalties, but only where the wording is unambiguous and the breach is documented in the adjustment report.
- Maintenance records are loss-prevention documentation as well as claims-eligibility documentation. The 20% maintenance penalty applied in the steel manufacturer cases is a contractual deduction but the more important insight is that proper servicing would likely have prevented the breakdown in the first place. Underwriters should treat the absence of maintenance schedules as an underwriting alert at renewal, not merely a claims management concern.
- Underinsurance in machinery policies can be catastrophic for the insured. The Ota case shows that a policyholder with an 80% underinsurance ratio will receive approximately 13 cents per naira of loss after the average clause and excess are applied. Brokers must advise clients to obtain current, independent valuations for all insured plant at inception and at each renewal and NTLA recommends underwriters decline to bind or renew where a valuation report cannot be produced.
- Mid-term asset additions must be formally endorsed onto the policy schedule before the asset is exposed to risk. The transformer case shows that even a well-founded and well-documented lightning claim can collapse if the damaged asset is not listed in the schedule. Post-loss endorsement cannot create retroactive coverage, and NTLA's repudiation recommendation in that case was made correctly under the policy terms.
- Multi-currency claims require explicit exchange rate governance in the policy conditions. A Claim operating at a fixed ₦800/USD policy rate, while the TICT claim used ₦1,500/USD — and the TICT claim also involved an intermediate EUR-to-USD-to-NGN conversion chain. Each rate was separately verified. Engineering policies involving imported plant should specify the exchange rate source, effective date (inception or date of loss), and agreed conversion methodology to prevent post-loss disputes.



RECOMMENDATIONS

- All Plant All Risk and Engineering policies should include a hard condition requiring current, named operator certificates for every machine on the schedule. A copy of each operator's most recent certification should be submitted to the insurer at inception and at annual renewal. Certificates must match the class of plant being operated.
- Maintenance log production should be a formal prerequisite for claim registration on any breakdown or mechanical failure claim. Where no records are available, the policy conditions should explicitly disclose that a proportional deduction will be applied so that insureds understand the consequence before a loss occurs, not after.
- An independent asset valuation report should be required at inception for any machinery policy with a declared sum insured above ₦30 million. Renewal declarations should be supported by either an updated valuation or a formally confirmed CPI-indexed adjustment. Where valuation evidence is absent or more than 18 months old, the risk should not be bound without underwriter review.
- A mid-term addition clause should be embedded in all Engineering policy conditions: any plant acquired or deployed after inception must be notified to the insurer within 30 days and formally endorsed onto the policy schedule. Claims on unendorsed assets should be assessed for repudiation, with a grace provision available only where written notification was submitted within the prescribed period.
- Where Engineering policies are denominated in USD or EUR, the policy schedule must specify: (a) the applicable exchange rate source (e.g., CBN official mid-rate); (b) the effective rate date (date of loss is NTLA's recommended standard); and (c) the agreed conversion methodology for multi-currency chains. Exchange rate ambiguity at claim stage is avoidable and should be resolved at inception.
- All Engineering claims with an identified third-party must be flagged to the insurer's subrogation desk within 30 days of the adjustment report being finalised. NTLA will provide a subrogation brief on request for any case where recovery is viable. Legal time-bar monitoring after referral is the insurer's responsibility.

- Site risk surveys for Engineering policies covering mobile plant operations should assess and document: (a) operator-to-supervisor ratio; (b) pre-operation inspection checklist compliance; (c) site speed limit enforcement; (d) shift handover protocols for multi-shift operations; and (e) evidence of scheduled maintenance completion for each insured unit. Findings should be graded by risk severity and tracked at each renewal survey.

2.5 Fidelity Guarantee

Fidelity Guarantee claims in 2025 were dominated by a single overarching reality: internal betrayal at scale. Across most cases, trusted employees — warehouse managers, bank staff, FMCG sales representatives, and accounts officers — diverted, misappropriated, or defalcated assets ranging from N82,350 to N567 million.

The portfolio split broadly into four categories: financial institution staff fraud; FMCG and distribution network fraud; organisational fraud at smaller employers; and the outsourced staff coverage gap, which produced two repudiation recommendations and a critical underwriting lesson for the entire market.

1 Financial Institution Staff Fraud

A common structural finding across the FG cases involving financial institutions: fraud persisted across extended periods because supervisory and compliance controls were not independently exercised. In several cases, a single trusted individual occupied a role that concentrated both initiation and approval authority.

Bank staff fraud in 2025 consistently involved the same structural failure: an individual or small group occupying roles that combined initiation, authorisation, and reconciliation without independent checks. The 40% control-lapse penalty applied in the commercial bank fraud case, the highest in the 2025 portfolio, reflects NTLA's view that where oversight systems are demonstrably absent, the insurer should not bear the full cost of the resulting loss.

2 The Outsourced Staff Coverage Gap — Two Repudiations

Two of the most important cases in the 2025 FG portfolio did not result in settlements. They produced repudiation recommendations. In both cases, the perpetrator was an outsourced or contract employee of a third-party agency seconded to the insured, rather than a direct employee on the insured's payroll. Fidelity Guarantee policies define the insured employee as a direct staff member; outsourced or contracted personnel are not covered unless explicitly endorsed onto the policy.

CASE ILLUSTRATION

Product Theft by Outsourced Delivery Officer



Delivery Officer/Truck Driver the delivery officer, employed by a third-party logistics contractor (a contractor engaged by a large beverage manufacturer), diverted product inventory across multiple delivery runs. Despite completing the full adjustment, NTLA recommended repudiation: the delivery officer was an employee of a third-party logistics contractor, not a direct employee of a large beverage manufacturer.

Recommendation: 'the loss incurred could not subsist under the policy...liability should be repudiated.'

The commercial bank and a large beverage manufacturer repudiations establish a consistent NTLA position: the outsourced staff coverage gap is a hard policy boundary, not a grey area. Organisations that rely on contracted or outsourced labour must either obtain specific endorsements extending FG cover to contracted staff, or ensure their contractors carry independent staff dishonesty cover. Underwriters should raise this as a mandatory placement discussion item for any risk with significant outsourced headcount.

3 FMCG and Distribution Network Fraud

Several cases in 2025 involved FMCG manufacturers, agro-businesses, and logistics providers whose distribution networks created significant internal fraud exposure. Warehouse managers, sales representatives, and logistics staff exploited privileged access to stock and cash with limited day-to-day oversight from head office. Recommended settlements in this group ranged from ₦2,126,288.18 (an agro-distribution company, after substantial recovery) to ₦45,900,000 (a commodity distribution company).

CASE ILLUSTRATION

Warehouse Manager Stock Misappropriation

Warehouse manager systematically misappropriated over an extended period. The case involved a personal guarantee executed at appointment. A guarantee that formed part of the recovery framework but was wholly insufficient relative to the scale of the loss.

This case illustrates a recurring vulnerability in warehouse-centric distribution businesses: a manager who controls both stock issuance and reconciliation records can suppress shortage evidence across multiple stock-take cycles before discovery.

CASE ILLUSTRATION

Near-Total Pre-Report Recovery

A Logistics case resulted in one of the smallest FG settlements in the 2025 portfolio not because the fraud was minor, but because aggressive pre-report recovery action secured 90% of the total loss established.

This case is a benchmark demonstration that swift internal investigations, immediate asset freezing, and active guarantor pursuit can dramatically limit insurer exposure on FG claims.

FMCG and distribution fraud in 2025 consistently exploited the gap between stock issuance authority and independent reconciliation. In every case, the perpetrator controlled enough of the documentation trail to delay discovery. NTLA's consistent finding across this sub-category is that stock custodians and sales representatives with cash collection authority should not participate in their own stock reconciliations; independent verification must be structurally embedded in the operational cycle.

4 Organisational Fraud at Smaller Employers

These cases are instructive not for their quantum but for the behavioural patterns they reveal: fraud by trusted, long-serving employees who exploited familiarity and the reduced scrutiny that informal oversight structures provide.

CASE ILLUSTRATION

Concurrent Fraud by Two Separate Staff Members

The concurrent nature of the two frauds — different individuals, same organisation, overlapping timeframe — points to systemic control weaknesses rather than isolated opportunism.

Neither case was recommended for repudiation. Combined recommended settlements: R20,915,708.21, representing a substantial FG loss event for a single insured in one policy year.

Smaller employers present a disproportionate FG risk relative to their premium: limited staff numbers create structural segregation-of-duties constraints, long-serving staff accumulate unchecked authority, and informal oversight allows fraud to persist longer before discovery.

Underwriters serving this segment should require documented authorisation matrices and dual-control for transactions above defined thresholds as a minimum condition of cover.



KEY LESSONS — FIDELITY GUARANTEE

- Outsourced and contract staff are not covered under standard FG policies. Organisations that rely on seconded, agency, or outsourced personnel in roles with access to cash, stock, or systems must obtain specific FG endorsements or require their contractors to carry independent staff dishonesty cover. This is not optional language; it is a hard coverage boundary with real repudiation consequences.
- Control-lapse penalties are a legitimate and actively applied adjustment tool. NTLA applied deductions of 20% to 40% of established loss wherever supervisory failures directly enabled fraud or extended its duration. The 40% penalty in the commercial bank staff fraud case signals the maximum NTLA will recommend where controls were demonstrably absent.
- Warehouse managers with combined custody, issuance, and reconciliation authority are a high-frequency FG risk profile. The three related distribution cases all share this structural vulnerability. Independent stock verification cycles, rotational custodian assignments, and unannounced counts are the minimum expected mitigants.
- Bank FG claims consistently feature the concentration of transaction initiation and authorisation authority in a single individual over extended periods. The commercial bank fraud spanned two policy years because routine payroll transactions went unmonitored. Real-time anomaly detection for salary and internal transfer accounts is now an underwriting expectation, not a voluntary enhancement.
- The agro-distribution company, where the court matter was struck out for prosecution negligence, illustrates the real cost of the Prosecution Clause falling into disrepair. Conditional adjustment recommendations consume adjuster, insurer, and broker time without resolution. Insureds must be clearly briefed at claims notification that active prosecution cooperation is a claims condition, not an administrative courtesy.



RECOMMENDATIONS — FIDELITY GUARANTEE

- All FG policies covering organisations with outsourced, agency, or contracted staff should contain an explicit coverage endorsement (or exclusion) addressing whether such personnel are included. Standard policies should not be issued to organisations whose operating model depends on third-party staff without this clause being addressed. The two repudiations in 2025 represent covered risks that were never properly underwritten.
- Underwriters should impose a mandatory Internal Controls Warranty for all FG risks above N50 million in any single employee limit, requiring the insured to certify annual compliance with documented segregation-of-duties, dual-control authorisation, and independent reconciliation procedures. Breach of warranty should be grounds for proportionate reduction in any settlement.
- FG policies covering financial institutions should include a provision allowing the insurer to apply a control-lapse deduction of up to 40% of the adjusted loss where NTLA or another approved adjuster identifies material supervisory failures that enabled or extended the fraud. This deduction framework should be named in the policy and disclosed to the insured at placement.
- Warehouse and distribution businesses should be required to document stock custodian rotation schedules and unannounced audit cycles as a condition of FG cover. Policies covering warehouse managers with sole stock custody authority should carry a minimum co-insurance requirement of 20% to ensure the insured retains a meaningful financial stake in prevention.
- FG premium rating should incorporate a prosecution performance metric: insureds who demonstrate active prosecution of fraud perpetrators and cooperation with guarantor recovery actions should qualify for renewal discounts; those where prosecution was abandoned or guarantor pursuit was not pursued should face loading at renewal. Brokers should advise clients of this metric at renewal.
- For all FG claims, insureds should be required to provide guarantor contact details within 30 days of loss notification as a claims condition. Recovery pursuit from guarantors should be a standard adjustment requirement, with NTLA reporting on guarantor recovery status in every interim and final report. The N2 million personal guarantee in the case was wholly inadequate — guarantee quantum requirements should be proportionate to the employee's financial exposure in the role.

2.6 Fire and Special Perils

Fire and Special Perils in NTLA's 2025 portfolio, spanned cases across four distinct sub-categories: fire at commercial and industrial premises, storm and rainstorm structural damage, lightning strikes and electrical surge events, and plant and equipment fires. Insureds ranged from multinational manufacturers and major financial institutions to SMEs, religious organisations, and private residences. One case resulted in a repudiation recommendation on grounds of non-disclosure; two cases were settled on a conditional basis pending insurer confirmation of coverage positions.

1 Financial Institution Premises — Fire and Lightning

Server rooms and battery/inverter installations were the most common ignition sources at commercial banks. Two dedicated lightning cases involved a commercial bank branch in Orlu and Eket where lightning strikes damaged IT equipment and structured cabling.

CASE ILLUSTRATION

Server Room Fire

A faulty G/P connection caused a fire in the server room, damaging IT equipment and fixtures. No fire suppression was installed. Note: A similar incident occurred at another bank branch from inverter batteries; two branches had fires in one policy year.

Two separate a commercial bank branches sustained server-room fires within the same policy year — one from a faulty G/P connection, one from inverter battery failure. Where a single insured suffers repeat fires of a similar type at multiple locations, NTLA's adjustment report should explicitly flag the systemic risk and recommend a network-wide technical audit as a renewal condition. Insurers should treat repeat patterns as material to risk assessment at renewal

2 Large Commercial and Industrial Fires

This sub-category carried the heaviest aggregate quantum. Issues of underinsurance (with the average clause applied), interim and partial settlement reporting and generator-sourced fires were recurring themes.

CASE ILLUSTRATION

Generator Room

Warehouse manager systematically misappropriated over an extended period. The case involved a personal guarantee executed at appointment. A guarantee that formed part of the recovery framework but was wholly insufficient relative to the scale of the loss.

This case illustrates a recurring vulnerability in warehouse-centric distribution businesses: a manager who controls both stock issuance and reconciliation records can suppress shortage evidence across multiple stock-take cycles before discovery.

CASE ILLUSTRATION

Oba Market Benin City

Fire at a locked, unattended shop. The insured was absent from the premises at the time of the incident.

Market traders typically rely on third-party or market association estimates for stock quantum. Independent stock valuation evidence including purchase invoices, sales records, or supplier delivery notes should be mandatory for stock claims above ₦20 million.

Underinsurance remained the most damaging financial outcome for industrial insureds in 2025. Where the average clause is invoked, recovery can be reduced to a fraction of the actual loss. Brokers and underwriters share a professional duty to ensure declared sums insured reflect current replacement costs, not book values, depreciated figures, or figures carried forward unchanged from prior years.

Delays between loss occurrence and adjuster attendance create serious evidentiary risk on complex machinery claims. In a case, parts were removed or damaged during the gap before NTLA's attendance, making independent quantum verification substantially more difficult. A mandatory adjuster engagement condition, requiring that loss adjusters are appointed within 14 days of any major machinery fire, should be written into industrial fire and all risks policies as a standard claims procedure clause.

3 Repudiation — Non-Disclosure of Change of Premises

CASE ILLUSTRATION

Repudiation Recommended

NTLA established that the insured had relocated business operations to a different address from the location declared at policy inception. The change of premises was never disclosed to the insurer and no endorsement updating the policy location was obtained. A change of premises constitutes a material change of risk that affects the insurer's underwriting assessment and the validity of the risk location covered.

Change of premises is a material change of risk that policyholders are legally obliged to disclose. All Fire and Special Perils policy documents should include a plain-language 'Change of Risk Notice' requiring policyholders to inform their broker immediately if they relocate operations, occupy additional premises, or change the nature of use of insured locations. A formal signed acknowledgement in the proposal form is the most effective safeguard.

4 Storm, Rain, and Weather Eventsires

Notable cases arose from storm, rainstorm, and weather-related damage, with roofing losses, perimeter wall collapses, and water-ingress damage to stock being the dominant loss types.

CASE ILLUSTRATION

Storm Damage to Asphalt Plant.

A severe windstorm caused structural and mechanical damage to the plant, including its RTS automated control system. The site's earthing system was functional and within specifications but was overwhelmed by the magnitude of the storm surge.

Industrial plant earthing systems must be rated for credible worst-case surge levels, not minimum specification. An independent lightning and surge protection audit by a qualified electrical engineer should be a mandatory requirement for industrial sites with sensitive electronic control systems.

The case was initially uncertain due to ambiguity between flood and storm perils. The claim only proceeded to settlement after a policy endorsement was confirmed that specifically included flood cover. Underwriters must ensure flood sub-limits and coverage endorsements are clearly documented and accessible to all claim's teams — coverage ambiguity at the point of loss extends settlement timelines and erodes insured confidence.

5 Lightning Strikes and Electrical Equipment Damage

Lightning and electrical surge events generated dedicated claims, two of which involved a commercial bank branch (Orlu and Eket). A conditional coverage dispute arose in the most complex of these cases.

CASE ILLUSTRATION

Lightning Strike and Coverage Dispute



An institute at Oyo Road, Ibadan, suffered damage to its biometric access control systems, CCTV cameras, and network switches following a lightning strike. A coverage dispute arose when the insurer cited the Electrical Installation Clause as a potential exclusion; however, NTLA asserted that lightning is specifically listed as a covered peril in the policy, which should override the exclusion in question.

6 Plant, Generator, and Equipment Fires

Two CNG compression skid fires arose from the same insured in 2025. An early indicator of an emerging high-severity risk class as compressed natural gas infrastructure expands. Underwriters covering CNG distribution and compression assets should require third-party mechanical integrity assessments and gas leak detection systems as policy warranties, not optional risk improvement recommendations.



KEY LESSONS

- Underinsurance is the most consequential deficiency in Nigerian fire insurance. At a steel manufacturing company, the average clause reduced the settlement to less than 9% of the gross assessed loss. Industrial and commercial insureds must be required to obtain independent replacement cost valuations, with reinstatement value indices applied annually at renewal.
- Server rooms, battery rooms, and inverter installations are high-frequency ignition sources across financial institution branch networks. Two commercial bank branches sustained server room fires within one policy year; a commercial bank and a commercial bank experienced related incidents. FM200, CO₂, or equivalent suppression systems should be a policy requirement for all bank branch server rooms above defined equipment values.
- Generator fires caused the largest single settlement in this category. Generator rooms at commercial premises must be isolated with fire-rated construction, automatic suppression systems, and documented quarterly maintenance records. These should be conditions of cover — not recommendations.
- Non-disclosure of change of premises voids fire cover. The repudiation illustrates that policyholder change-of-risk obligations are not merely administrative — they are a condition of cover. Brokers must communicate these obligations in writing at inception and renewal, and a formal signed acknowledgement should be incorporated into the proposal form.
- Delays between loss occurrence and adjuster attendance create critical evidentiary risk. In a case, component parts were removed or vandalized during a twelve-month gap before NTLA's site visit, making independent quantum verification materially more difficult. Mandatory adjuster engagement within 14 days of major losses should be a standard policy condition.
- Conditional settlements for unresolved coverage disputes distort claims statistics and reserving. The lightning case (Electrical Installation Clause ambiguity) and workshop case (Register Warranty position) each produced a conditional outcome awaiting the insurer's formal coverage determination. Coverage disputes must be resolved before or simultaneously with quantum assessment and not after settlement figures are already agreed.

- Storm cases consistently expose the structural vulnerability of commercial and industrial roofing in Nigeria. Pre-loss surveys should include explicit assessment of roof sheet condition, fixings, and age, with remediation recommendations logged as risk improvement notes. Properties with documented unresolved roofing deficiencies should face loading or increased deductibles at renewal.



RECOMMENDATIONS

- Make independent reinstatement value surveys mandatory for all Fire and Special Perils policies above ₦100 million sum insured. Require evidence of revaluation every three years or at each renewal where sums insured have not been updated in line with construction cost indices. Premium models should incorporate a 'declared value adequacy' flag.
- Introduce a Generator and Plant Maintenance Warranty for all commercial risks where on-site generator capacity exceeds 100kva. Maintenance logs and service certificates should be required attachments to any generator fire or plant fire claim notification.
- Treat server rooms, battery rooms, UPS installations, and CNG skids as priority assessment items at every pre-loss survey. Survey reports should explicitly state whether fire suppression is present and operational in each of these locations, with specific remediation recommendations where suppression is absent.
- Communicate the change-of-risk disclosure obligation in writing to all commercial fire insureds at inception and at each renewal. Include a signed acknowledgement clause in the proposal form confirming that the insured understands their duty to notify material changes including change of premises, change of occupancy, and change of stock type before or promptly after such changes occur.

2.7 Goods in Transit

Goods in Transit was one of the most active claims categories in 2025 spanning consumer goods, petroleum products, industrial cargo, high-value imports, and cargo diversion. Road traffic accidents were the dominant peril, accounting for most incidents.

Repudiations — Four Claims Declined

Four GIT claims were repudiated in 2025, each on a distinct policy basis.

CASE ILLUSTRATION

Driver Theft, Infidelity



Stolen goods from the insured's truck were taken by their own driver. Due to the Infidelity Exclusion Clause, which excludes losses caused by dishonest staff or agents, the insurer is not liable.

GIT policies do not replace Fidelity Guarantee insurance. Any dishonest behaviour by employees involved in transport, such as drivers or motor boys, is not covered by GIT. Companies dealing with this risk should have a separate Fidelity Guarantee policy and set up organised systems to monitor driver accountability.

Four claims (9%) were declined in 2025. In three of these instances, the denial resulted from inconsistencies or misrepresentation regarding the circumstances of the reported accidents, rather than a technical issue with the policy. The claims investigation process is specifically designed to assess the validity of such reports.

CASE ILLUSTRATION

**Conditional Settlement,
Police Notification Clause**

The insured's failure to notify the Police within the period prescribed by the policy's Police Notification Clause placed the settlement in a conditional position — NTLA recommended that the insurer review compliance before confirming payment.

GIT policies often require police notification within 24–48 hours as a condition for liability. Insureds and brokers should notify police promptly, even for minor incidents or partial recoveries.

**KEY LESSONS**

- Road accidents remain the dominant GIT peril. Insureds operating large truck fleets should implement driver fatigue management, GPS route monitoring, and pre-departure safety checklists as risk management conditions under their policies.
- The Infidelity Exclusion Clause expressly removes cover for losses caused by the dishonesty of drivers or persons entrusted with the goods. Insureds must hold a separate Fidelity Guarantee policy for this risk.
- The Police Notification Clause is a condition precedent to liability in many GIT policies. Failure to notify within the prescribed period, even for minor incidents, can jeopardise settlement. All transport managers should be trained on this obligation.
- Cargo diversion presents distinct investigation challenges from road accident losses. The absence of physical wreckage places a heightened burden of proof on the insured to demonstrate fortuitous loss, making route documentation, GPS data, and driver statements critical evidence.
- When heavy plant and equipment (Transit Mixers, crane units, generators) is transported under a GIT policy, adjusters and underwriters must confirm that the policy schedule specifically covers the machinery type and that the sum insured reflects replacement value.



RECOMMENDATIONS

- Underwriters should require GPS tracking and geo-fencing as conditions of cover for GIT policies with per-trip limits exceeding 10 million, particularly for motorcycles, electronics, and other high-theft-risk cargo.
- A mandatory joint survey clause should be incorporated in GIT policies covering consumer goods, requiring any consignee rejection to be supported by an independent surveyor's report before a full-rejection settlement is actioned.
- Brokers should conduct annual policy briefings with transport managers, covering: (a) the Police Notification Clause, (b) the Infidelity Exclusion, (c) waybill and manifest documentation requirements, and (d) cargo diversion reporting protocols.
- For repeat clients with multiple annual GIT claims (e.g., the insured Consumer Products, a beverage manufacturing company), underwriters should consider experience-rated premium structures or minimum loss prevention programmes as conditions of renewal.
- Insureds transporting high-value or bulk consignments should carry independent waybills and load manifests signed by both the driver and dispatch supervisor to support claims and establish a clear record deterring internal pilferage.
- Insurers should establish a formal conditional settlement protocol for cases where policy conditions (e.g., police notification, declaration clause) have been technically breached. Conditional recommendations preserve the insurer's legal position while enabling discretionary settlement where the breach was inadvertent.

2.8 Marine

The portfolio covered imports of heavy machinery, chemicals, automotive parts, and chemical commodities, as well as theft of assembly accessories and accidental damage to a tugboat.

A striking theme across the 2025 Marine portfolio was the systemic failure of insureds and their clearing agents to comply with basic port arrival protocols specifically, the obligation to raise a sea protest letter when damage is discovered at discharge, and to preserve the insurer's right of subrogation against negligent carriers. This failure appeared in three of the seven cases and resulted in penalty deductions totalling millions of naira, and in one case, a recommendation to repudiate.

1 Marine Cargo — Sea & Port Damage

These ranged from mining equipment imported from China to chemicals and imported buses. In each case, the quality of port-stage documentation or its absence was the decisive factor in determining the quantum of recovery.

CASE ILLUSTRATION

Heavy Equipment Imports, Repudiation Recommended

Thirty-four packages of heavy-duty mining equipment including Mini Dump Trucks, Mining Trucks, Bulldozers, and XE900D excavators were imported from China to Nigeria under a Marine Insurance Certificate. On delivery to the insured's yard in Gateway City Estate, Ogun State, physical damage was observed on twenty-three of the thirty-four units: deformed middeck, broken ladders, sheared baffles, dented cab bumpers, and deformed escalators.

NTLA's investigation established that no protest letter was raised by the insured's clearing agent, before taking delivery at Apapa Port. No letter of demand was written to the shipping carrier, and no marine surveyor was notified to conduct a discharge survey. Without this

documentation, the precise point at which damage occurred whether during voyage, during discharge, or during land transit, could not be established.

The cause of damage could not be linked to any specific peril covered under the Marine Certificate therefore NTLA recommended repudiation of the entire claim. The insured's failure to follow port protocol did not only forfeit subrogation recovery but it destroyed the evidentiary foundation of the claim itself.

The protest letter is not a formality. It is a jurisdictional act that frames all subsequent liability. Its absence at port converts a recoverable marine loss into an unverifiable one. Importers of high-value multi-unit consignments must ensure their clearing agent's engagement letter includes an explicit protest and survey notification obligation.

CASE ILLUSTRATION

Sodium Sulphate Damage, Subrogation Penalty

A Chemical company imported sodium sulphate under a Marine Cargo Insurance Policy. On August 2025, damage and shortages in the consignment were discovered. The insured submitted a claim for the value of the damaged and short-delivered chemical cargo.

NTLA found that the insured had not taken adequate steps to preserve the insurer's right of subrogation against the carrier responsible for the shortage and damage. A 15% penalty was applied for prejudicing subrogation rights, and a 10% policy excess was deducted.

Lesson: Shortage and damage to bulk chemical cargo during sea transit is a straightforward insured risk but recovery is conditioned on the insured's compliance with the carrier notification obligation. A 15% penalty was entirely preventable through timely written notice to the vessel operator.

2 Marine Cargo — Transit Damage & Theft

Two notable cases involved cargo losses occurring not at sea but during road transit from Nigerian ports to the insured's premises. A pattern that highlights the importance of coverage continuity under Marine Cargo policies from vessel to final destination.

CASE ILLUSTRATION

Heavy Equipment Imports, Repudiation Recommended

A mining and resources company imported ammonium nitrate from Italy under a Marine Insurance Cover with the insurer. One of the trucks carrying the cargo to the insured's base yard at Iperindo, Ilesha, Osun State was involved in a lone accident caused by brake failure. The truck overturned, scattering the hazardous cargo. Seventeen bags were confirmed damaged and rendered unfit for use due to being hardened and solidified from contamination.

NTLA identified several serious compliance failures: the clearing agent was not named as a joint insured on the marine certificate; no driver's licence or vehicle particulars for the driver were provided; no endorsed delivery waybill was produced; and the insured failed to furnish a letter of demand against clearing Group. The broker cited the driver's death as justification for non-compliance, but NTLA noted that death of a truck driver does not extinguish the insurer's statutory right of subrogation against the clearing agent's employer.

Where a clearing agent operates the land transport leg of an imported cargo consignment, that agent must be named as a joint insured or a separate GIT policy must be in place. The Marine Certificate does not automatically extend liability protection to third-party hauliers. Insurers retain the right to pursue recovery from negligent parties regardless of their relationship to the insured.

The Marine-folder cases featured subrogation penalty deductions at 15%, 20%, and 25% respectively for failure to raise protest letters or demand letters against negligent third parties. These penalties collectively reduced insured recoveries by over 8 million that would otherwise have been payable in full.



KEY LESSONS

- The sea protest letter is a legal instrument, not an administrative form. It must be raised at port, before delivery is taken, whenever damage is observed or suspected. Clearing agents engaged by importers must be contractually obligated to execute this duty. Its absence at port converts a recoverable marine claim into a contested one.
- The insurer's right of subrogation is a financial asset. When an insured fails to demand against a negligent carrier, port authority, or clearing agent, they forfeit the insurer's ability to recover the settled amount from the at-fault party. In 2025, this resulted in direct penalty deductions across three Marine cases totalling over 8 million — entirely preventable through timely correspondence.
- Clearing agents and freight forwarders are the insured's agents at port. If a clearing agent fails to raise a protest letter or notify the appropriate authorities, the insurer holds the insured responsible for that failure. Importers must educate their agents on Marine Cargo claims obligations as part of the freight forwarding engagement.
- The land transit leg of imported cargo remains one of the most vulnerable links in the supply chain. Two of the seven Marine cases involved loss or damage occurring not at sea but during road transit from port to destination. Marine Cargo policies typically extend cover to this leg — but claims compliance obligations also extend to it.
- Operators of heavy plant and construction equipment must hold the correct licence class for each machine type. A Class D licence is not a substitute for a Class H licence on a Volvo A25G. Beyond the legal exposure, an unlicensed operator attracts a direct penalty deduction on any Plant All Risks claim arising from their operation of the vehicle.
- Co-insured Marine Cargo arrangements require precise documentation of co-insurer shares at policy inception. Clearing agents or freight forwarders who participate in the importation process should be named as joint insureds on the certificate to avoid liability gaps in the event of a transit loss attributed to their operations.

- Marine Hull policies require current and accurate vessel valuations. With vessel repair costs heavily influenced by foreign exchange rates and imported spare part costs, hull sums insured must be re-benchmarked against current reinstatement costs annually.



RECOMMENDATIONS

- Underwriters: Introduce a Marine Claims Protocol Warranty as a standard condition on all Marine Cargo Certificates, requiring the insured to: (a) raise a sea protest letter immediately on discovery of damage at port, (b) notify the insurer's designated surveyor before commencement of discharge operations, and (c) send a letter of demand to the carrier within 14 days of confirmed loss. Non-compliance should trigger a defined graduated penalty scale.
- Brokers: When placing marine cargo covers for importers who use third-party clearing agents, advise clients to name their clearing agent as a joint insured on the certificate, or require the clearing agent to maintain their own GIT policy covering the land transit leg.
- Underwriters: For Plant All Risks policies covering earthmoving and heavy construction equipment, introduce an Operator Qualification Warranty requiring the insured to confirm, in writing, the licence grade held by each named operator of each scheduled machine. Unqualified operators should be expressly excluded from coverage or attract an agreed additional premium.
- Claims Handlers: In Marine Cargo cases involving third-party transit contractors, obtain a copy of the freight forwarding agreement before adjusting — this document will clarify whether the clearing agent accepted contractual liability for the transit leg and whether a demand was or should have been raised.
- Risk Surveyors: During pre-risk marine surveys, assess the insured's port arrival procedures. Does the clearing agent brief include Marine Cargo claims obligations? Does the agent have a standing protocol for protest letter filing? These procedural gaps are the leading cause of marine claim reductions in the Nigerian market.
- Underwriters: Review declared values on all Marine Hull policies annually. With vessel repair costs heavily influenced by foreign exchange rates and the cost of imported spare parts, hull sums insured must be re-benchmarked against current reinstatement costs — not historical purchase price or last year's renewal figure.

2.9 Material Damage

Material Damage claims in 2025 provided one of the richest cross-sections of the portfolio. The cases touched buildings, plant and machinery, and even a marine cargo consignment that was misclassified into this folder. Together they illustrate how physical asset losses intersect with underwriting gaps to produce outcomes that often disappoint insureds and challenge adjusters.

Three cases were repudiated: a generator breakdown excluded under the policy's plant all risk terms, an escape-of-water loss excluded under the Fire & Special Perils sprinkler clause, and an imported equipment claim where damage could not be established as having arisen within the covered transit period. One further case produced no settlement, not because the claim was invalid, but because the gross adjusted figure fell below the policy's excess. Almost all of them subject to some form of deduction for depreciation, contributory negligence, or underinsurance.

1 Building & Property Damage

Four cases in 2025 involved damage to physical building fabric or building-mounted infrastructure. Three involved financial institution premises. The fourth involved a manufacturing facility where a fire hydrant line gasket failed, discharging water onto raw material stocks. The outcomes ranged from full settlement (net of excess and depreciation) to no settlement and repudiation.

CASE ILLUSTRATION

UPS Fire, Head Office Annex

On or around 24 October 2024, a 50KW Uninterruptible Power Supply (UPS) located in the third-floor power room of a commercial bank's Head Office Annex in Lagos, suffered an internal fire. The UPS had been in operation for approximately seven years. Although quarterly maintenance was performed, no end-of-lifecycle condition survey had ever been conducted. The fire was contained by the FM200 gas suppression system installed in the power room.

The investigation confirmed internal component failure including the inverter board, capacitor bank, and associated wiring, consistent with age-related electrical degradation. The root cause was not definitively established, but thermal stress compounded by inadequate ventilation in the UPS room was flagged as a significant contributing factor.

Risk improvement note: the absence of ventilation in the UPS room was flagged as a condition requiring urgent rectification. Financial institutions with UPS systems approaching seven years of service should commission thermal imaging surveys of power rooms.

2 Plant, Equipment & Machinery

Six cases involved damage to plant, machinery, or mobile equipment. These ranged from industrial production machinery and construction equipment to a crane and a generator. The cases demonstrated the critical importance of accurate sum insured declaration on plant and machinery policies. In at least two cases, the average clause dramatically reduced the insured's recovery, and in one case produced a settlement so small as to be almost symbolic.

CASE ILLUSTRATION

Wirtgen Soil Stabilizer WR-240 Collision



At the Calabar-Ikom Highway in Cross River State, a tipper truck collided with the front section of a Wirtgen WR-240 Soil Stabilizer. The collision shattered the operator's cabin glass and damaged the wiper arm assembly. The machine had been properly positioned and certified for operation at the time.

A 10% deduction for contributory negligence through lack of supervision was applied, reducing the adjusted figure. The contributory negligence deduction reflected the assessment that adequate site supervision and traffic management protocols could have prevented the truck from operating within the working radius of the stabilizer.



KEY LESSONS

- Underinsurance on plant and machinery is a systemic risk. The crane case where a ₦467 million asset was insured for 17 million, produced a settlement of less than ₦150,000. Every blanket plant policy should undergo an annual declared-value review against current importation costs, with FX rate adjustments applied.
- Peril exclusions can override an otherwise valid claim. Both the sprinkler discharge and generator breakdown cause repudiations arose not from any dispute about loss quantum, but because the triggering event was specifically excluded. Insureds and their brokers should read the exclusions as carefully as the cover grant.
- Operator competency and site supervision are underpriced risk factors. A forklift case attracted a 10% contributory negligence deduction; a construction equipment case attracted the same. In both cases, the deduction reflected foreseeable lapses in supervision or operator technique that a well-managed site would have prevented.
- An aging electrical asset without a condition survey is a claims event waiting to happen. The UPS fire followed seven years of operation without a lifecycle condition review.



RECOMMENDATIONS

- Underwriters: Require separate declared values for each major item of plant and machinery. Blanket sum insured declarations should be refused or surcharged where individual high-value assets (cranes, heavy equipment, generators above a defined KVA rating) are not itemised. Conduct FX revaluation reviews at renewal for imported plant.
- Underwriters (Fire & Special Perils): Where an insured's premises include fire hydrant, sprinkler, or suppression system installations, clearly communicate Peril exclusions at policy inception and renewal. Consider offering an accidental discharge endorsement to ensure the insured is not surprised by a gap in cover for the very systems installed to protect their property.

2.10 Pre-Loss Surveys

Pre-loss surveys conducted or reported in 2025 generated three findings that cut across both portfolios: a chronic under-insurance problem, a systematic over-insurance problem, and an unpriced physical hazard that no risk loading has yet addressed.

1 Group A — Industrial Risks

Three surveys were conducted in connection with policies on manufacturing and industrial risks. Two covered the same insured under different policy classes; the third covered the parent conglomerate. All three shared a common deficiency: declared sum insured values that NTLA assessed as materially inadequate relative to exposed values.

CASE ILLUSTRATION

A Lubricant Manufacturing Company — Burglary Pre-Loss Survey



The burglary pre-loss survey found a risk rated moderate to HIGH and identified structural security deficiencies that, in the surveyor's opinion, left the facility materially exposed.

Key findings at the time of survey: (i) No professional security company was engaged — the night-time security function had been ceded to community vigilantes with no formal employment relationship with the insured, following the dismissal of the former security team. That dismissal was itself precipitated by a December 2024 theft incident in which employed security personnel were caught stealing. (ii) The perimeter fence was not capped with barbed or razor wire. (iii) CCTV coverage was inadequate for the facility's full footprint and was not operational on a 24-hour basis. (iv) No intruder alarm system was installed. Housekeeping was rated POOR.

Sum insured: ₦8,000,000 — assessed by NTLA as INADEQUATE. Eight risk improvement recommendations were issued covering professional security engagement, razor wire installation, 24/7 CCTV with adequate recording retention, intruder alarm installation, and monthly stock reconciliation.

CASE ILLUSTRATION

**A Fire & Special Perils
Pre-Loss Survey**

A Fire & Special Perils pre-loss survey was conducted at the same facility on the same date as the burglary survey, producing a separate assessment for the fire policy.

Fire risk was rated medium to HIGH. Critical deficiencies: the facility had NO fixed fire suppression systems of any kind — no sprinklers, no hydrants, no hose reels, no fire alarms, no smoke detectors. Only portable extinguishers were available. Housekeeping was POOR: oil spills were present in the blending area, raw material drums were poorly labelled, junk was mixed with operational equipment, and the laboratory was untidy. Combustible lubricants and greases are produced and stored on-site.

Thirteen improvement recommendations were issued, covering professional security engagement, fire suppression installation (hydrant system, fire alarms, smoke detectors), spill control procedures, housekeeping improvements, and a professional asset valuation.

2 Group B — Lagos Coastal Premium Properties

Two surveys were conducted in connection with Fire & Special Perils Takaful policies on premium properties in the Lekki coastal zone of Lagos. The surveys produced the opposite finding from the cases above both properties were assessed as OVER-INSURED, with declared sum insured values that appeared to reflect forced sale or market value rather than the reinstatement cost basis required for property insurance.

CASE ILLUSTRATION

FSP Pre-Loss

A commercial entertainment complex is a four-storey commercial and recreational complex with approximately 12,600 sq. of total floor area.

Declared sum insured: ₦11,625,000,000 (₦11.625 billion).

NTLA assessment: the true reinstatement value should not exceed 8 billion, consistent with the same over-insurance pattern observed at the residential development.

CRITICAL HAZARD: A gas distribution utility gas pipeline runs approximately ten metres from the building entrance. This constitutes a significant and immediate explosion and fire risk that the surveyor explicitly flagged. Despite this hazard, no gas-related risk loading appears to have been applied to the policy premium and no gas pipeline exclusion, sub-limit, or special condition is documented.

A gas distribution utility gas pipeline running ten metres from the entrance of a commercial entertainment complex represents an unpriced catastrophic risk. The surveyor's MPL estimate of 50% for a gas-related explosion on a ₦11.6 billion sum insured implies a probable maximum loss of ₦5.8 billion from a single event. Neither a premium loading nor a coverage restriction appears to have been applied in response to this finding. A gas pipeline at ten metres is not a background hazard — it is a material fact that any reasonable underwriter would price, restrict, or exclude.



RECOMMENDATIONS

- Require reinstatement cost valuation for all property policies. Where an insured declares forced sale or market value, the underwriter must correct the basis before policy inception or endorsement. A policy document that records the wrong valuation basis will fail at the point of a total loss claim.
- The gas distribution utility gas pipeline at a commercial entertainment complex must be addressed by the underwriter as a matter of priority. Options include: (a) a gas-explosion sublimit; (b) a gas pipeline risk loading on the full premium; (c) a co-insurance or self-insurance requirement for gas-related events; or (d) exclusion of gas-related losses pending hazard mitigation. Doing nothing is not an acceptable underwriting position.
- Pre-loss survey findings must be actioned before policy confirmation, not filed and forgotten. Each survey report should carry a mandatory 'underwriter sign-off' field documenting what action was taken on each material finding. Where no action is taken, the reason must be recorded.
- Industrial risks where security is provided by community vigilantes rather than professional guards should attract a mandatory premium loading or cover restriction for burglary cover, regardless of the insured's preference or budget constraints. NTLA's experience with the insured's facility demonstrates that vigilante-based security is rated HIGH risk for burglary. That assessment must translate into concrete underwriting terms.

2.11 Professional Indemnity

The cases investigated under the Professional Indemnity portfolio in 2025 illustrate the most persistent challenges in the class: correctly applying the PI operative clause and distinguishing PI from Public Liability.

CASE ILLUSTRATION

Security Guard Operates Visitor's Vehicle



A security guard employed by a professional security services company and deployed to a client residence in Maitama, Abuja, was handed the keys to a visitor's Peugeot 406 saloon as part of an informal parking arrangement. When the vehicle began honking, the guard turned the ignition key while the car was in gear; the vehicle lurched forward into the boundary wall, sustaining significant front-end damage.

NTLA's investigation concluded that the claim did not satisfy the PI insuring clause. The guard's contracted role was access control and manned guarding and not vehicle management. The act of operating a visitor's vehicle, however casually it arose, falls entirely outside the scope of professional security services. There was no negligent act or omission in the delivery of the insured's contracted professional services; the loss was caused by a physical act of a different character altogether. The correct policy response was Public Liability, not Professional Indemnity.



RECOMMENDATIONS

- Brokers placing PI cover for any service company must conduct an explicit scope-of-services review before placement and ensure that the Policy Schedule accurately captures the full range of activities performed by the insured's personnel including incidental and ad hoc activities. Where those activities create liability of a non-professional character, a companion Public Liability policy must be placed.

- Insureds should receive written guidance from their brokers explaining the boundary between PI and PL cover. The practice of assigning casual or ad hoc tasks to staff who hold professional roles, such as handing car keys to security guards, must be identified as a liability gap and addressed in the operational risk review.
- Where a crane operator or equipment operator is involved in a PI claim, the adjustment process should routinely call for: (a) operator licence/certification; (b) equipment maintenance records; and (c) a detailed incident report covering the exact sequence of events.



Mitigation Gap Analysis

Across the 2025 claims portfolio, NTLA identified five systemic mitigation gaps that recurred across multiple loss categories, sectors, and geographies. These are not isolated failures, rather they are structural weaknesses in how Nigerian insureds manage risk. Each gap represents an opportunity for insurers, underwriters, and risk surveyors to intervene constructively.

Gap 1: Physical Security Infrastructure

Physical security failures featured in claims across Burglary, Fidelity Guarantee, Pre-Loss Survey, and Special Perils categories. The common picture: CCTV cameras that were absent, non-functional, or of insufficient coverage; perimeter walls without adequate deterrent enhancements (concertina wire, electric fencing); security guards insufficiently resourced, trained, or supervised; and no electronic intruder detection.

- **CCTV as evidence:** In several claims, the absence of CCTV footage made it impossible to establish the mode of entry, the identity of perpetrators, or the sequence of events. This absence does not just harm the investigation; it may eliminate the insurer's ability to pursue recovery from third parties.
- **Perimeter quality:** The difference between a perimeter wall with and without concertina wire or electric deterrents is not cosmetic. In the cases reviewed, walls without deterrents were scaled with minimal effort.
- **The security staffing gap:** Replacing a professional security company with factory production staff, as observed in one pre-loss survey, is the most extreme form of this gap. It signals not just a cost decision, but a fundamental misunderstanding of what security exists to protect.

Recommended Minimum Security Standards (By Sum Insured Band)

SUM INSURED BAND	MINIMUM PHYSICAL SECURITY STANDARD
Below ₦50 million	Security guard; external locks; basic CCTV
₦50m – ₦200 million	Professional security firm; 24-hr CCTV with 30-day retention; intruder alarm; perimeter enhancement
₦200m – ₦1 billion	Above plus: access control system; panic alarm; verified security company SLA
Above ₦1 billion	Above plus: dedicated security risk survey; armed response; independent security audit annually

Gap 2: Electrical and Power Infrastructure

Electrical and power-related losses were the single most prevalent cause of claims across multiple categories in 2025, including All Asset Risks, Fire & Special Perils, Material Damage, and Special Perils. The following specific gaps were identified.

- **AVR coverage:** Multiple cases of equipment damaged by grid surges pointed to the absence of industrial-grade Automatic Voltage Regulators. Consumer-grade or undersized stabilisers provide inadequate protection for industrial or high-value equipment.
- **UPS and battery system lifecycle:** UPS systems in commercial buildings are typically installed, maintained, and then forgotten until they fail. The absence of formal end-of-lifecycle reviews creates a growing inventory of degraded electrical infrastructure.
- **Fire suppression in electrical rooms:** Battery rooms, UPS rooms, and generator rooms require specialised suppression systems (FM200, CO₂ or equivalent). Their absence was noted in multiple cases.
- **Lightning protection audit gaps:** The presence of an earthing system does not guarantee adequate protection from high-energy surge events. Systems must be certified to appropriate standards and periodically re-verified.

Gap 3: Digital and Cyber Resilience

The 2025 Cyber Crime claim demonstrated a pattern that cyber underwriters and security professionals have long identified: the most damaging attacks exploit known vulnerabilities that have not yet been remediated.

- **Patch deployment timelines:** Organisations must establish and enforce maximum patch deployment timelines for critical security fixes.
- **Anomaly detection:** The volume of fraudulent transactions processed in the 2025 cyber case suggests that real-time anomaly detection was either absent, poorly calibrated, or not actioned.
- **Incident notification discipline:** Policy conditions require timely notification of incidents. This is not a formality, but rather a mechanism by which insurers and adjusters can intervene early to preserve evidence and initiate recovery actions.

Gap 4: Marine Claims Protocol Failures

The marine cases in 2025 revealed a systemic lack of understanding, among importers, their agents, and sometimes their brokers, of the legal and procedural requirements that must be fulfilled at port arrival to preserve coverage and subrogation rights.

- The protest letter is a formal legal instrument that preserves the cargo owner's right of claim against the carrier. It must be lodged promptly on discovery of damage at port. Its absence in both 2025 marine cases either led to recommended repudiation or to a significant penalty deduction.
- Marine surveys must be conducted at discharge, not after damage has been moved, sorted, and delivered. Once the chain of custody from vessel to port terminal to importer is broken, the ability to attribute specific damage to carrier negligence is effectively lost.
- These are a recurring and avoidable one. The solution lies in systematic pre-import briefing: importers must instruct their clearing agents, in writing, of the obligations to be observed on every shipment.

Gap 5: Policy Compliance and Schedule Management

Claims repudiation based on policy non-compliance is, in the experience of NTLA, one of the most avoidable loss outcomes in the insurance market. The insured has suffered a genuine loss; the insurer cannot respond because the insured failed to observe a policy condition.

- **Asset declaration:** The Public Liability case is the clearest example. Equipment acquired after policy inception was never notified to the insurer. When damaged, it was not covered. The solution: a scheduled update that would have taken minutes.
- **Operator licensing:** Heavy equipment operators must hold the appropriate licence class for the equipment they operate. Its breach led to claims complications in both the Special Perils and Engineering categories.
- **Maintenance records:** Several claims were complicated by the inability to produce maintenance records. While the absence of records does not always result in repudiation, it removes the insured's most powerful defence against allegations of pre-existing damage or neglect.
- **Marine protocol:** The obligation to raise a protest letter and notify the surveyor exists in the policy and in the cargo clauses. Ignorance of the obligation is not an excuse accepted in marine claims law.



Cross-Cutting Themes

Beyond the category-specific patterns, several themes emerged repeatedly across different loss types in 2025. These cross-cutting insights are, in many respects, the most strategically important observations in this report — because they describe systemic rather than episodic risk.

Theme 1: The Banking Sector Concentration

The financial services sector principally commercial banks featured in more loss categories than any other sector in the 2025 claims portfolio. Claims from this sector were recorded under Fire & Special Perils, Cyber Crime, Material Damage, Burglary, Fidelity Guarantee, All Asset Risks, and Public Liability categories.

This concentration reflects several factors: the sector's large insured asset base across multiple locations; its reliance on both physical and digital infrastructure; its employment of large and diverse workforces with varying levels of security awareness; and its higher propensity to lodge and pursue claims in a disciplined manner.

The claims frequency of the banking sector should inform underwriting strategy. Policies covering banks require a holistic risk view that spans physical, cyber, operational, and personnel dimensions.

Theme 2: The Fraud Triangle in Practice

Three distinct loss categories in 2025: Fidelity Guarantee, Burglary (internal), and Cyber Crime involved deliberate fraudulent action by individuals within or adjacent to the insured organisation. In each case, the standard 'fraud triangle' was clearly present: financial motive (personal gain), opportunity (access and control gaps), and rationalisation (familiarity, social pressure, perceived entitlement).

What is notable about the 2025 pattern is the role of digital communication channels, specifically messaging applications, as an enabler of social engineering. In the Fidelity Guarantee case, a messaging application was used to supply fraudulent transaction details. In the Cyber Crime case, a rogue device mimicked legitimate user behaviour. The physical security of the workplace is no longer sufficient protection against internal fraud; the organisation's digital hygiene is equally critical.

Theme 3: Evidence Preservation Failures

In multiple 2025 cases, the insured reinstated or removed damaged items before the adjuster had completed inspection. In one case, this occurred approximately six months after the loss event; by then, all material evidence had been cleared. In another, storm-damaged roofing had been replaced within 48 hours of the incident.

Insureds act in good faith when they reinstate quickly because they are minimising business disruption. But the unintended consequence is the destruction of evidence that is fundamental to the adjuster's ability to confirm the cause of loss, verify the extent of damage, and assess quantum.

Every insurer should issue a formal 'Evidence Preservation Notice' as part of its first communication with the insured after notification of a claim. This notice should instruct the insured not to reinstate, dispose of, or remove any damaged item until the adjuster has completed inspection — or until written consent to reinstate has been given.

Theme 4: The Gap Between Policy Intent and Implementation

Across the 2025 portfolio, a recurring observation was the disconnect between what the policy was intended to cover and what it covered as implemented. This manifested in three ways.

- **Wrong policy type:** The Professional Indemnity claim involving a security guard was submitted under a PI policy but was a Public Liability incident. The insured did not understand the distinction; nor, apparently, did their broker at the point of claim notification.
- **Incomplete asset declaration:** The Public Liability case involved equipment not on the schedule. The policy was in place, the premium was paid, the loss was genuine but the claim was repudiated.
- **Incorrect operator certification:** The Special Perils case and the Engineering case both involved operators who did not hold the appropriate licence class for the equipment they were operating. This created coverage complications that could have been avoided entirely.

Theme 5: Post-Incident Response Quality

The quality of the insured's post-incident response correlated strongly with the ease of adjustment and the ultimate settlement outcome. Cases where the insured: (a) notified within 24 hours; (b) preserved evidence; (c) engaged promptly with the adjuster; and (d) maintained comprehensive documentation were settled more efficiently and at closer to the claimed amount.

Conversely, cases characterised by late notification, destroyed evidence, missing records, or unco-operative third parties generated significantly higher investigation costs, longer settlement timelines, and in some cases materially reduced settlements or outright repudiation.

This theme has a direct implication for insurers: investing in pre-claim communication with insureds — educating them on what to do in the first hours and days after an incident — generates downstream savings in adjustment costs and improved claims outcomes for both parties.



Looking Ahead to 2026

Based on the 2025 claims experience, NTLA identifies the following emerging risks and trends as priorities for the Nigerian insurance market in the year ahead.

Escalating Weather Peril Severity

Nigeria's climate patterns have shifted materially over the past decade, with both more intense storm events and more prolonged dry seasons affecting different regions. The 2025 Special Perils portfolio included windstorm and rainstorm claims from multiple states in a concentrated period, reflecting the heightened vulnerability of factory buildings, agricultural facilities, and outdoor infrastructure to weather events.

Underwriters should revisit the assumptions underlying Fire & Special Perils rated premiums for industrial property, particularly in storm-exposed zones. The combination of ageing building stock, climate trend changes, and rising replacement costs creates a structural drift towards underinsurance and higher claim frequencies.

Cyber Threat Sophistication

The 2025 cyber claim represents one point on a trajectory that is moving in a concerning direction. The sophistication of attacks targeting Nigerian financial institutions is increasing, with adversaries demonstrating detailed knowledge of internal systems and processes. Artificial intelligence-enabled attacks, including voice cloning, synthetic identity fraud, and AI-assisted phishing are now operational capabilities, not theoretical risks.

Nigerian insurers underwriting Cyber risks need to consider whether their existing policy wordings and aggregation models are calibrated for this evolving threat landscape. Claims teams may require specialist cyber investigation resources that go beyond traditional loss adjusting skills.

Import Cost Inflation and Underinsurance

Exchange rate pressures and import-dependent supply chains create a persistent underinsurance risk. In 2025, multiple claims involved imported equipment including medical imaging systems, industrial machinery, vehicles, where the cost of replacement at current exchange rates

significantly exceeded the declared sum insured. Where sums insured are set in Naira terms and not reviewed at least annually, the practical effect is progressive underinsurance.

Underwriters and brokers should make agreed value or index-linked provisions a standard feature of Material Damage and All Asset Risks policies covering imported equipment. Where this is not possible, mandatory annual sum insured reviews should be a policy condition.

Internal Fraud Risk Amplification

Economic conditions that increase financial pressure on individuals also increase the risk of internal fraud. The fraud triangle's 'motive' component is objectively higher in periods of economic difficulty. The 2025 claims portfolio already reflected this in the Fidelity Guarantee and Burglary categories.

Organisations should regard employee wellbeing programmes, financial hardship support, and anonymous reporting channels not just as HR obligations, but as fraud risk management controls. Insurers should evaluate these controls as part of Fidelity Guarantee risk surveys.

Operator Qualification and Heavy Plant Governance

The operator licensing gap identified in 2025 is likely to persist, and worsen as Nigeria's infrastructure investment programme drives growth in heavy construction activity. More equipment on more sites, operated by a rapidly expanding but not uniformly qualified workforce, creates a larger claims exposure in the Engineering, Special Perils, and Third-Party Liability categories.

The insurance market has a role to play in reinforcing regulatory standards. Policies that require evidence of operator certification as a condition of cover and that investigate this at the time of claim incentivise compliance with a regulatory framework that enforcement alone has failed to embed.

Conclusion

The 2025 claims portfolio managed by New Trend Loss Adjusters Ltd tells a story that goes well beyond individual losses. It describes a risk landscape in which the distance between an insurable event and a preventable one is often smaller than it appears and in which the quality of risk management, policy compliance, and post-incident response makes an enormous difference to outcomes.

From the hospital without a voltage regulator to the importer without a protest letter protocol; from the factory that replaced its professional security team with production staff to the bank that deployed a mobile application with known vulnerabilities — each case in this report represents a risk that was identifiable in advance. In some cases, it had been identified. The gap was not in the identification, but it was in the action taken.

For underwriters, the data in this report should inform more precise risk segmentation. The factors that predict loss, for example, absence of voltage protection, inadequate perimeter security, unpatched software, and undeclared assets are observable at survey and at renewal. Their presence should be reflected in pricing, in warranted conditions, and in proactive underwriting dialogue.

For risk surveyors, the patterns in this report provide a practical lens for prioritising observations in the field. The areas highlighted here including electrical infrastructure, security protocol, equipment age, marine compliance, and operator licensing are not exotic findings. They are precisely the conditions that generate claims.

For managers, the lessons are both operational and strategic. Operationally: the 48-hour adjuster appointment, the evidence preservation notice, the proactive notification to clearing agents about protest letter obligations. Strategically: the systematic use of claim findings to improve underwriting input and risk management dialogue.

The best claim is the one that never happens. The second-best is the one that is handled so well — by a prepared insured, an engaged broker, and a skilled adjuster — that it resolves quickly, fairly, and with lessons applied.

NTLA remains committed to bringing that standard to every case we handle and to sharing what we learn with the market we serve.

The Research Team
New Trend Loss Adjusters Ltd
Lagos, Nigeria

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